

TESTIMONY OF
MIKE LOCKLIN
PRESIDENT, LOCAL 2302
FORT KNOX, KENTUCKY

AMERICAN FEDERATION OF GOVERNMENT
EMPLOYEES, AFL-CIO

REGARDING
CONTRACTING OUT

BEFORE
THE GENERAL ACCOUNTING OFFICE
COMMERCIAL ACTIVITIES PANEL

AUGUST 8, 2001

Mr. Chairman and Members of the Committee:

My name is Mike Locklin and I am the President of American Federation of Government Employees, Local 2302. Local 2302 represents 2,300 government employees at Ft. Knox. Thank you for letting me speak today. I'd also like to submit written testimony for the record.

I am a disabled veteran, medically retired. I started working as a civilian at Fort Knox in 1985 and have been active in the Union since 1986.

I am here to discuss my experience with contracting at Fort Knox. As a Quality Assurance Evaluator I judge contractor performance and the quality of the services that they perform. One recent contract illustrates the problems that nobody ever discusses. So far what we've seen from this contractor is poor work quality, sloppy oversight, low wages, minimal benefits, and rising costs.

On June 1st, Armor Center Support Services started a public works and logistics contract at Fort Knox. This contract has a one-year term with four one-year options. It's worth about \$100 million over five years.

This company was formed by an agreement between General Dynamics and Brown & Root. These are two of the largest government contractors in the business. They have plenty of experience. But Armor Center Support Services still has not managed to give the American taxpayer a fair deal.

POOR WORK QUALITY

The biggest problem is with poor quality of work.

Tank maintenance has suffered because there are not enough qualified mechanics to perform repairs. This reduces the availability of tanks and equipment,

which are used to train West Point and ROTC cadets, regular enlisted soldiers, and the advanced officer corps.

The contractor is not repairing the base air conditioning systems. At one point there were 80 buildings on base without air conditioning. In many buildings they have remained unfixed for weeks.

The normal high for June in Louisville is 84 degrees. For July it's 87 degrees. During the first two weeks of July the Louisville Airport had nine days with a high over 85 degrees.

OVERSIGHT

The government is not collecting data about Armor Center Support Services' performance. Contract monitors have not input information about service requests into the computer system. That means that it is hard to tell when requests for maintenance were made or whether repairs were completed.

The government no longer manages the work requests to the contractor. Also, it does not manage the complaints about the contractor. Instead, base personnel must call the company directly. This is a conflict of interest. It decreases oversight and allows the contractor to police itself.

The contract sets an extremely low performance benchmark. The success rate standard of performance is 65%. At 66%, incentive award fees will be granted. I can't imagine rewarding a student who gets a D, but that's exactly what this contract does.

INCREASING COSTS

The contract has been modified at least twice. Modifications increase costs. When they occur this soon it is a sign that the description of work was inaccurate.

On May 30th the government agreed to pay over \$1 million extra to the company. Another modification for groundskeeping is being negotiated.

LOWBALL BIDDING

Armor Center Support Services bid was \$25 million less than the in-house proposal. This is an amazingly large margin if you considers that the public employee bid cut staff by 40%.

PERSONNEL ISSUES

Armor Center Support Services pays a whole lot less than the federal government. On average, workers earn \$3.50 less per hour. Some employees took cuts of \$8.00 per hour. Benefits declined by an average of 20%.

The contractor says that it will decrease personnel expenditures by \$500,000 over the five-year term. It says that these savings will come from "efficiencies." If you ask me, these savings are going to come out of the workers' hide.

The public employee bid included yearly cost of living increases for employees. It also included good benefits.

Armor Center Support Services is anti-union. It capped the number of former federal staff that it will hire to inhibit the workers' ability to organize. A contractor supervisor has admitted this to his employees. If a majority of the workforce were represented by AFGE before the privatization, the Union would automatically obtain successorship rights and represent the employees at the new facility. This anti-union attitude exacerbates the shortage of qualified staff.